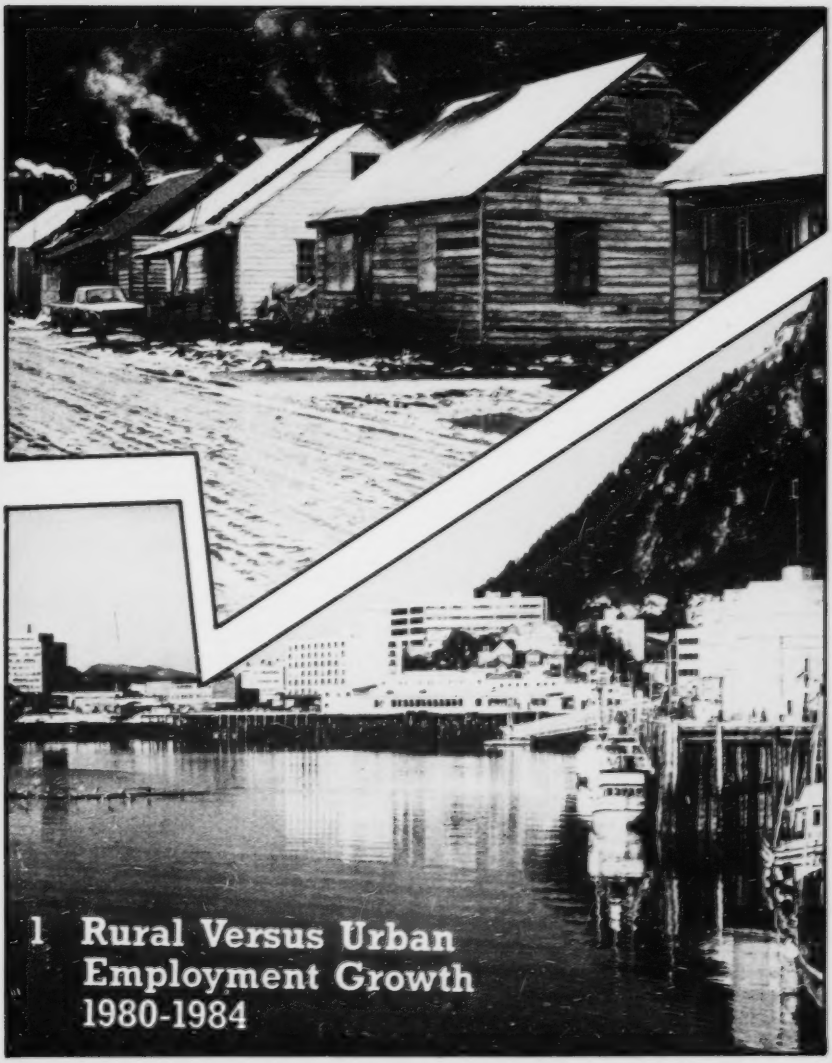
SEPTEMBER 1985
ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska



1 Rural Versus Urban Employment Growth 1980-1984

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Rural Versus Urban Employment Growth 1980-1984

By Neal Fried and Greg Huff

Introduction

Between 1980 and 1984 Alaska experienced a period of rapid economic expansion and employment growth. This growth was initiated by oil activity on the North Slope and a rapid increase in state expenditures.*1/* The benefits of the oil tax revenues began a new chapter in Alaska's history, allowing the state government to increase spending on its operating budget and provide large capital project grants, mortgage subsidies, dividend payments and tax relief. These factors created a favorable economic environment for increased private investment as well. However, the economic bonanza did not impact rural and urban areas of the state equally. This article examines the contrasting employment trends of rural and urban Alaska during this period.*2/*

The rural portions of the state represent over 90% of Alaska's land mass but account for only 24% of the population and 20% of employment statewide. The three most populous urban areas, Anchorage, Fairbanks and Juneau, are home to 64% of the state's residents and work place to 68% of the statewide labor force. The accompanying bar graph compares employment growth rates for the urban and rural areas of the state from 1980-1984. Over those 4 years, urban employment grew 34% while rural employment advanced 22%. The largest increase in employment for both areas was between 1980 and 1981. The rate of growth declined each year thereafter.

Industry Analysis

Construction was one of the driving forces behind employment growth in both the rural and urban areas. The rate at which jobs in the construction industry expanded between 1980 and 1984 exceeded that of all industries in either area. Construction in the rural areas grew at the phenomenal rate of 71% from 1980 to 1981, compared to an urban growth rate of 11%. During the next two building seasons urban and rural construction employment grew at about the same rate, but by the end of 1984 rural

construction employment had begun to decline while urban construction employment continued to grow. The building boom lasted longer in the urban areas due to greater private investment. The rural areas relied more on government funded construction for their increases in construction activity. With the decline in available state funded projects the rural areas have been impacted to a greater extent than the urban areas.

Government is the largest employer in Alaska, accounting for 38% of all rural jobs and 27% of jobs in the urban areas. Local government in rural Alaska is the most important employer representing 25% of total employment compared to only 9% of total employment in the urban areas. However, over 89% of state workers are stationed in urban settings, which contain only 76% of the state's population. Rural local governments increased their employment 43% from 1980 to 1984 with help from the state, including capital and operating budget grants and enhanced funding for education. State government employment increased across the state at similar rates for both rural and urban locations as responsibility for some previously federal activities was transferred to the state and the increase in state budgets made it possible to provide more services. Federal government employment increased slightly in urban areas and fell in the rural areas due to declines in remote early warning stations and Bureau of Indian Affairs and Bureau of Land Management employment.

The manufacturing sector experienced the greatest loss of jobs between 1980 and 1984. Manufacturing employment fell 10% in urban areas and 26% in the rural areas during this period. The causes for the employment loss were the seafood processing sector, which had several bad shellfish seasons, and the depressed wood products industry. Since manufacturing is a basic industry in the rural Alaska economy the impact of these drops has been dramatic. Manufacturing employment in rural Alaska accounted for 16% of total nonagricultural wage and salary jobs in 1980 but fell to 10% of total nonagricultural wage and salary employment by 1984. The annual average number of manufacturing jobs fell from 5,788 in 1980 to 4,315 in 1984 while the number of employees per firm dropped from 32.1 to 23.5.

The mining industry, composed primarily of oil and gas extraction and exploration firms, is an industry in which urban and

rural areas share about the same number of jobs. Anchorage contains most of the employment in the urban areas and the North Slope has the majority of mining employment in the rural areas. Mining in both urban and rural areas netted the same increase in the number of jobs during the period, although the two areas followed different growth patterns. The largest increases came between 1980 to 1981 in reaction to extensive oil field developments and increased exploration efforts. During this period urban employment increased 27% and rural employment increased by 40%. Between 1981 and 1983 employment declined by 5% in the urban support offices and 16% in the rural field offices. This decline was associated with a steep decline in exploratory drilling which hit a nine year low in 1982. Reversing direction again mining employment began to grow in 1984 with an upsurge in field development and enhanced recovery techniques.

Employment in the transportation, communications, and utilities sector grew 14% and 10% in rural and urban Alaska; relatively slowly compared to other industries. After two years of employment growth in rural areas totaling 18%, falling levels of employment in the water and air transportation industries caused two years of decline. The urban areas netted employment increases three out of the four years with gains in the gas and electric utilities and local telephone service sectors counteracting employment losses in the air transportation industry and long distance telephone services. Trucking employment levels were stagnant between 1980 and 1984.

The secondary industries (trade, services, finance-insurance and real estate) provided more new jobs during the four year period than all other industries combined. Because urban areas have a higher concentration of secondary industries, these areas experienced greater economic expansion over the period. Graph 2 points to a basic difference between urban and rural Alaskan economies. The secondary industries in urban locations represent a larger percent of the employment, accounting for 57% of the jobs compared to only 34% in rural areas. Urban areas also contain 87% of the secondary employment statewide. In rural areas, cash income and population required to support the secondary businesses do not exist; hence, the urban areas have become the distribution and commerce centers of the state. The two largest secondary sectors, trade and services, accounted for 55% of all jobs created between

1980 and 1984, twice as great as the 23% gain in trade and services in the rural areas.

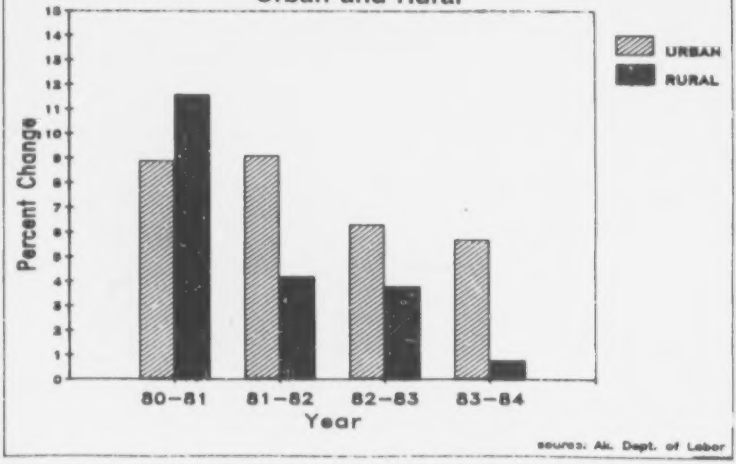
Geographic Analysis

Though the general statistics indicate a rural-urban dichotomy, it would be wrong to surmise that all urban areas have enjoyed unrelenting growth and all rural areas have lagged their urban counterparts. In both rural and urban Alaska there have been high growth, moderate growth, and low growth communities or areas. The experience of individual areas within the rural and urban boundaries has been extremely varied. In urban Alaska Wasilla's employment grew by 289% while Sitka lost 13% of its employment. The rural picture is also diverse. The rural portions of the MatSu Borough and the North Slope Borough both experienced employment growth (104% and 59%) and Wrangell-Petersburg and the Aleutian Islands both faced losses (19% and 3%).

The low growth areas are defined by employment growth of less than 10% over the four year period, and includes areas where employment declines occurred. There is a common thread in the rural and urban areas where actual losses occurred. All have strong manufacturing sectors (fish and wood processing) which have suffered declines over the past four years, particularly wood processing. The employment losers include two urban areas (Ketchikan and Sitka) and two rural areas (Aleutian Islands and Wrangell-Petersburg). The areas where growth has been at best anemic are also strongly tied to manufacturing. Kodiak, an urban area, has expanded employment opportunities slowly because of the poor shellfish industry while the employment conditions in rural Valdez-Cordova have been affected for similar reasons.

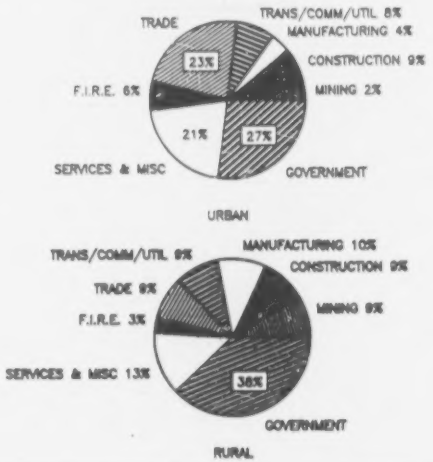
The moderate growth areas represent the largest group. Twelve of the 27 areas in Alaska fall in this category. They include locations as varied as Juneau and Bristol Bay Borough, Bethel and Kenai. Moderate may not be the correct term, particularly in a national context. In this article we define moderate growth as anything less than the statewide average of 33.5% and greater than 10%. This compares to 3.9% employment growth nationally for the same period. Most of the nation's communities would be very envious of our 'moderately' growing areas.

Graph 1
Percent Change in Employment
Urban and Rural



Source: Ak. Dept. of Labor

Graph 2
Employment by Industry
Urban and Rural
1984



Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 6/85	R/ 5/85	6/84	P/ 6/85	R/ 5/85	6/84	P/ 6/85	R/ 5/85	6/84
Mining	22.96	23.15	23.22	51.2	48.4	48.4	1175.55	1120.46	1123.85
Contract Construction	24.28	23.37	24.50	45.9	44.3	41.9	1114.45	1035.29	1026.55
Manufacturing	11.66	12.07	11.77	37.3	41.4	39.5	434.92	499.70	464.92
Food & Kindred Prod.	7.62	8.17	7.52	33.1	40.5	38.0	252.22	330.89	285.76
Lumber & Paper Prod.	16.41	16.25	16.65	44.8	43.0	42.0	735.17	698.75	699.30
Trans., Comm. & Utilities	15.13	14.83	15.69	39.6	36.8	39.0	599.15	545.74	611.91
Trade	11.88	11.77	10.39	35.0	33.5	36.0	415.80	394.30	374.04
Wholesale	14.79	14.06	12.50	38.1	37.3	38.0	563.50	524.44	475.00
Retail Trade	10.64	10.76	9.52	33.9	32.1	35.3	360.70	345.40	336.06
Finance, Ins. & R.E.	—	—	—	—	—	—	469.63	417.90	383.45

1/ Prepared in cooperation with the Bureau of Labor Statistics U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and non-supervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

The high growth areas are those whose employment growth exceeded the statewide average. More than half of the urban areas fall in this category. Wasilla, with 289% growth in employment, was the fasting growing community in Alaska. The state's two largest communities, Anchorage and Fairbanks, were also in this category. The communities on this list were able to take greater advantage of the oil revenues and the resulting boom because their economies were able to capture more of these dollars and keep them circulating for a longer period of time. The major beneficiary was the secondary sector (trade, services, finance-insurance and real estate). Communities such as Wasilla and Palmer benefitted from their proximity to Anchorage. Of the 17 rural areas there were only four that fit the classification of high growth. The rapid growth in the rural MatSu Borough was simply an extension of what was happening in Palmer and Wasilla. The North Slope benefitted both from expansion in the oil fields and the North Slope Borough's rapid capital improvements schedule and expansion of services to its residents.

Conclusion

During the past four years both rural and urban Alaska have enjoyed rapid rates of employment growth. Urban Alaska has been a bigger beneficiary of the states oil largess, but the rural areas of the state have also reaped substantial benefits. The differences are the result of differing economic mixes and community sizes. Larger communities in the state have more developed basic and secondary sectors which mean dollars spent in these communities have greater circulation power and in turn create more employment. It is important, however, to examine different areas of the state individually, as conditions of employment are different in both the rural and urban areas of Alaska.

Nineteen eighty-four may have been an end of the era of rapid growth induced by oil revenues. In 1985 Alaska has experienced a substantial slowdown in the economy and construction, one of the leading industries during this era, has actually been suffering losses this year. Some have predicted that rural Alaska may feel the brunt of this slowdown and some of the data appears to support this theory. Their dependence on construction and government employment will mean falling oil revenues may be felt more quickly and directly. The fact that they have

been growing more slowly than Alaska's urban areas and lack a broad based economy gives them less cushion during a period of economic decline. Both rural and urban Alaska may face difficulties adjusting to this slower pace, particularly if absolute losses in employment occur. If, however, just a slowdown in our growth pace is in store, the future may be easier to digest.

Footnotes

1/ State revenues increased from $874 million in 1977 (the year pipeline construction was completed) to $2.5 billion by 1980, and peaked at $4.1 billion in 1982. By 1984 revenue had fallen to $3.4 billion.

2/ For the purposes of this study, census areas were categorized as urban if they contained a community of 5,000 or more people that represented 75% of the census area's population. Every city over 5,000 people was categorized as urban even if the city was located in a rural census area. A rural area was defined as an area that did not meet the criteria for being called urban. One notable exception to the urban/rural definition was the Kodiak census area. Since the Coast Guard Station is not included in the population of the city, the Kodiak census area would not fall into the urban category if the above definition were applied. However, we included Kodiak in the urban because 96% of all employment in the Kodiak Census area is located in the city of Kodiak and its immediate surroundings. (See Table 3 for a list of the urban/rural breakout.)

Table 3
Urban/Rural Employment by Geographic Area
1980 and 1984

Urban Areas	1980 Annual Average	1984 Annual Average	Percent Change 80-84
Anchorage Borough	78175	108455	38.7%
Fairbanks North Star Borough	20933	27661	32.1%
Juneau Borough	10865	13431	23.6%
Kenai	4233	5177	22.3%
Ketchikan Gateway Borough	5871	5721	-2.6%
Kodiak Island Borough	4642	4862	4.7%
Palmer	2457	4136	68.3%
Sitka Borough	3742	3268	-12.7%
Soldotna	1401	2622	87.2%
Wasilla	528	2055	289.2%
Rural Areas			
Aleutian Islands	3248	3136	-3.4%
Bethel	3552	3907	10.0%
Bristol Bay Borough	768	956	-24.5%
Dillingham	1563	1395	21.2%
Haines Borough	573	698	21.8%
Kenai Peninsula Borough (Rural)	2673	3496	30.8%
Kobuk	1438	1777	23.6%
Matanuska/Susitna Borough (Rural)	101	206	104.0%
Nome	2127	2647	24.4%
North Slope Borough	6033	9578	58.8%
Prince of Wales-Outer Ketchikan	1275	1680	31.8%
Skagway-Yakutat-Angoon	1354	1943	43.5%
Southeast Fairbanks	1081	1350	24.9%
Valdez-Cordova	3468	3684	6.2%
Wade Hampton	1017	1249	22.8%
Wrangell-Petersburg	2967	2402	-19.0%
Yukon-Koyukuk	2546	2964	16.4%

Alaska

By Edward Eboch

July Employment Trends

While there remains some concern as to where Alaska's economy is heading, the July employment numbers are up 4.1% from last month and up 2.5% from last year. However, some caution is urged in interpreting the employment increases. An examination of the numbers suggest that the gains may not be as strong as indicated. The year to year gains in employment fall largely in the fish processing industry, the mining industry and in local government. Fish processing employment for last July was below the norm for that month. This year's July employment numbers are closer to the levels of employment of July 1981-1983. Because of the seasonal nature of the seafood processing industry these year-to-year gains are unlikely to continue in the following months.

Increases in mining employment, particularly the oil and gas industry, may come as a surprise given the general perception of the difficulties the oil industry is facing. These increases are a result of projects that have been in the works for some time. Because of the lead time for the projects and the heavy investments already undertaken it is difficult to cancel these projects. When looking ahead it seems unlikely that this level of investment will continue once the existing projects are completed. The third area of rapid growth in employment was local government, especially in the area of education. Reduced support to local governments by the state and evidence of a more slowly expanding population means that the rapid growth in local employment will likely end soon. A look at seasonally adjusted employment figures suggests that employment may have started to decline around the first of the year (see Composite Nonag. Employment Indexes Graph). If this is the case it will become more apparent as the year progresses.

The sectors that have experienced a year-to-year decline in employment are related to the construction industry. Those firms involved in the sale and movement of goods used in the building industry have suffered losses in employment along with the construction industry. While this decline was expected and fore-

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

				Changes From:	
	P/ 7/85	R/ 6/85	7/84	6/85	7/84
Nonag. Wage & Salary	247200	237500	241200	9700	6000
Mining	9800	9400	9000	400	800
Construction	22200	21200	23800	1000	-1600
Manufacturing	22100	14200	20100	7900	2000
Food & Kindred Prod.	16300	8200	14600	8100	1700
Lumber & Paper Prod.	2600	2800	2300	-200	300
All Other Mfg.	3200	3200	3200	0	0
Trans. Comm & Utilities	20400	20200	19900	200	500
Trucking & Whseing.	2300	2300	2600	0	-300
Water Transportation	1700	1600	1500	100	200
Air Transportation	6800	6800	6400	0	400
Other Trans. Comm. & Utilities	9600	9500	9400	100	200
Trade	47500	46800	46900	700	600
Wholesale	9100	9100	9000	0	100
Retail	38400	37700	37900	700	500
Gen. Mer. & Apparel	5400	5300	5300	100	100
Food Stores	6500	6300	6000	200	500
Eating & Drinking Pl.	14300	13900	14200	400	100
Other Retail Trade	12200	12200	12400	0	-200
Finance-Ins. & R.E.	13600	13500	12800	100	800
Services & Misc.	45900	45300	45000	600	900
Government	65700	66900	63700	-1200	2000
Federal	18200	17900	19300	300	-1100
State	19800	19900	18600	-100	1200
Local	27700	29100	25800	-1400	1900

Prepared in cooperation with the U.S. Department of Labor Statistics.

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark Date March 1984.

P/ Denotes Preliminary Estimates
R/ Denotes Revised Estimates

cast as early as last year the poor performance in employment growth in tourist related firms was a surprise. Tourist related sectors of the economy have experienced little or no growth from last July. The loss in federal employment and the gains in state employment are almost entirely the result of the transfer of the Alaska Railroad to state control.

Alaska's Area Costs

The results of a study on cost differences between Alaska's major communities and rural areas was released by the state. No surprises were found as the results were what many people living in Alaska know: it's more costly to live in Alaska than in Seattle; the cost difference between the larger communities is not significant; and the costs in the rural communities in Alaska are higher than in the urban areas. The results of the study are already being challenged and there are some questions about the methodologies used in the study. However, it can be used as an indication of the magnitude of difference in the costs between areas in Alaska. For more information about the study contact the Alaska Department of Administration, Division of Labor Relations.

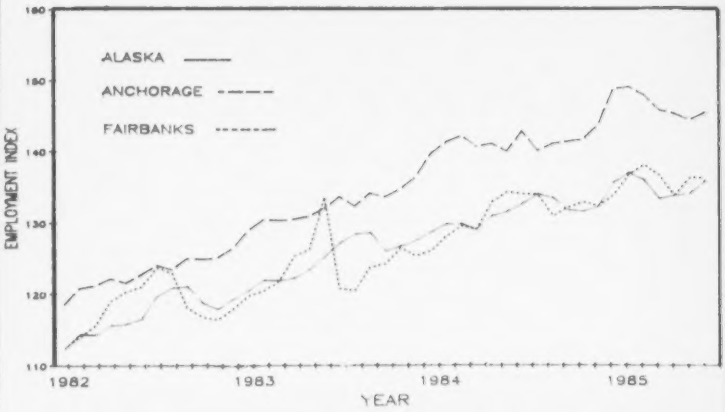
Table 1
Area Geographic Differentials

District 1/	Cost of Living Difference
Seattle	.86
Palmer/Wasilla	.94
Petersburg/Wrangell	.98
Anchorage **(base)**	1.00
Seward	1.00
Sitka	1.01
Kenai/Cook Inlet	1.01
Ketchikan	1.02
Juneau	1.03
Fairbanks/Fort Yukon	1.03
Icy Strait/Lynn Canal	1.05
Kodiak	1.06
Cordova/Valdez	1.11
Aleutian Islands	1.26
Wade Hampton	1.26
Bristol Bay	1.29
Yukon/Kuskokwim	1.29
Nome	1.33
Bethel	1.39
Barrow/Kotzebue	1.45

1/ The study was conducted using the 1961 election districts as the appropriate areas.

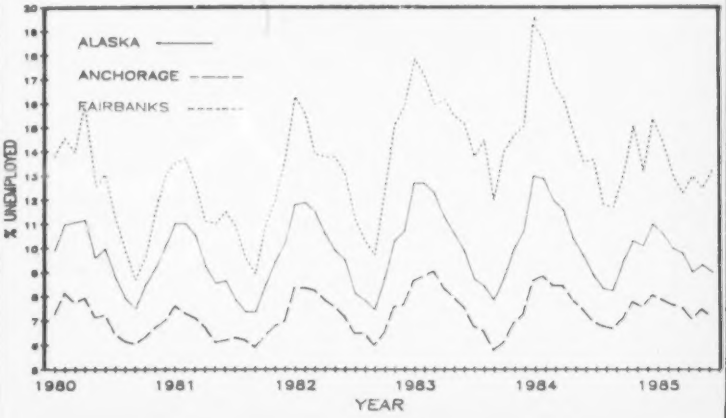
Source: Alaska Geographic Differential Study, State of Alaska, Department of Administration, Division of Labor Relations, April 1985.

Composite Nonag. Employment Indexes Seasonally Adjusted 1982 to June



source: Ak. Dept. of Labor

Unemployment Rates Not Seasonally Adjusted 1980 to Present



source: AK. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Anchorage Food Stores

Beginning in 1980 the Anchorage retail food market flourished as population and incomes grew. Grocers and other specialty food stores jockeyed to acquire a share of this growing market, Alaska's largest and most diverse. In 1982 retail food sales totaled $295 million. That equates to an average of $637 per Anchorage resident or about 17% of all retail dollars spent in the Anchorage economy. In 1985 dollars that would represent over $360 million in retail food sales.*1/* Employment, in this dynamic and highly competitive industry, increased 71% between 1980 and 1984 with grocery stores growing the fastest.

The Anchorage food store industry is made up of several components. Grocery stores, which provide a variety of goods and services to Anchorage residents, account for over 90% of food store employment. They range in size from large supermarkets to the smaller convenience stores. The other 10% of the industry includes specialty retail food shops such as bakeries, meat and seafood markets, and confectionery stores.

The grocery component has been among the fastest growing business sectors of the Anchorage economy. From 1980 to 1984 employment in grocery stores increased 75%, almost twice as fast as the 40% overall employment growth rate for the Anchorage economy. Data indicates that larger firms are growing faster than smaller firms and indeed some smaller grocers are losing employment. The average size of a grocery store increased from 52 employees per unit to 86 from 1980 to 1984. This is not surprising because larger firms can offer a wider range of goods and services. In addition large grocers can cover operating costs more easily and have less difficulty financing renovation and expansion plans.

Table 1
Anchorage Food Store Employment
1980-1984

	1980	1984
Grocery Stores	1465	2566
Other Food Stores	149	265

The accompanying graph illustrates the growth in grocery store employment from 1980 to 1984 by quarter. Each major spike in the line of the graph coincidentally reflects the opening of major facilities. In late 1980 supermarket expansion began when Safeway moved from a Mountain View location to the (then new) Northway Mall. In early 1981 a medium-sized Fairbanks based grocer, Market Basket, jumped into the Anchorage market by setting up business in the vacated Mountain View Safeway store. One year later Market Basket opened a store in south Anchorage. This, however, was the end to the influx of outside supermarkets to the Anchorage market. Further expansion was led by Carr's, a locally owned regional grocer. The number of Carr's stores increased from 7 in 1980 to the current 12 while Safeway opened one additional store during the same period.

Fierce marketing competition between the two major grocers appeared in various forms, ranging from expanding services and product lines to remodeling stores citywide and more recently shifting to 24-hour service. This intense competition was felt by smaller grocery stores. Those stores not responding to the changing Anchorage market or not having ideal locations experienced a squeeze on their market share. Several medium-sized grocers have closed stores and 1985 is looking no brighter for these firms.

The convenience grocery stores have expanded considerably during this period and the change is noticeable throughout Anchorage. The number of stores has nearly doubled since 1980. Although each convenience store has relatively few employees compared to the supermarket stores (9 employees vs. 90 employees) the absolute number of these stores make them a considerable employer. In 1984 they represented over 10% of total grocery store employment. From 1980 to 1984 employment grew 58%. The prominent convenience stores in Anchorage, Qwik

Stops and Time Savers, developed rapidly, although Qwik Stop reacted more forcefully and took a large share of the market. A newcomer to Anchorage, the 7-Eleven stores are moving into many key locations and have expanded rapidly. By July 1985 7-Eleven was the third largest convenience store operator in Anchorage behind Qwik Stop and Time Savers.

New types of food stores have entered the Anchorage market since 1980 providing a variety of specialty food items such as bakeries and pastry shops and candy and confectionery stores. Moving into unique markets these employers have expanded employment but they represent a small portion of retail food store employment.

Current Trends

Anchorage/MatSu's unemployment rate for July dropped from June's rate of 8.3% to 8.1%. As usual the MatSu rate was substantially higher than the Anchorage rate. This phenomenon is attributed to MatSu's high labor force participation rate and to

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	P/ 7/85	R/ 6/85	7/84	6/85	7/84
Nonag. Wage & Salary	119550	117450	117650	2100	1900
Mining	4100	4050	4000	50	100
Construction	11550	10950	12150	600	-600
Manufacturing	3900	3100	3750	800	150
Food & Kindred Prod.	1700	900	1600	800	100
Other Mfg.	2200	2200	2150	0	50
Trans. Comm. & Utilities	9900	9750	9850	150	50
Trucking & Whseing.	1250	1250	1450	0	-200
Water Transportation	450	450	400	0	50
Air Transportation	4000	3900	4050	100	-50
Other Trans. Comm. & Utilities	4200	4150	3950	50	250
Trade	28550	28350	27800	200	750
Wholesale	6950	6850	6800	100	150
Retail	21600	21500	21000	100	600
Gen. Merchandise	1550	1500	1650	50	-100
Food Stores	3200	3150	3150	50	50
Eating & Drinking Pl.	8550	8500	8300	50	250
Other Retail Trade	8300	8350	7900	-50	400
Finance-Ins. & R.E.	9250	9150	9000	100	250
Services & Misc.	26550	26550	26000	0	550
Government	25750	25550	25100	200	650
Federal	10200	9900	10600	300	-400
State	6750	6850	6200	-100	550
Local	8800	8800	8300	0	500

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	P/ 7/85	R/ 6/85	7/84	6/85	7/84
Nonag. Wage & Salary	127450	125400	124400	2050	3050
Mining	4150	4050	4000	100	150
Construction	12650	11950	13350	700	-700
Manufacturing	4050	3350	3850	700	200
Trans. Comm. & Utilities	10650	10500	10500	150	150
Trade	30350	30150	29400	200	950
Finance-Ins. & R.E.	9650	9550	9100	100	550
Services & Misc.	28150	28050	27050	100	1100
Government	27800	27800	27150	0	650

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 7/85	R/ 6/85	7/84	P/ 7/85	R/ 6/85	7/84	P/ 7/85	R/ 6/85	7/84	P/ 7/85	R/ 6/85	7/84
Alaska Statewide	264529	260200	260438	24268	24687	23560	9.2	9.5	9.0	240261	235513	236878
Anch-MatSu Region	137912	139306	134874	11150	11619	10014	8.1	8.3	7.4	126762	127687	124860
Anchorage Borough	123301	124536	120919	9018	9419	8351	7.3	7.6	6.9	114283	115117	112568
MatSu Borough	14611	14770	13955	2132	2200	1663	14.6	14.9	11.9	12479	12570	12292
Gulf Coast Region	32155	28366	31331	2893	2844	2998	9.0	10.0	9.6	29262	25522	28333
Kenai Peninsula Bor	20078	17679	19513	2221	2104	2223	11.1	11.9	11.4	17857	15575	17290
Kodiak Island Bor	7288	6498	7064	376	469	371	5.2	7.2	5.3	6912	6029	6693
Valdez-Cordova	4789	4189	4754	296	271	404	6.2	6.5	8.5	4493	3918	4350
Interior Region	39061	38549	38827	5092	4739	4761	13.0	12.3	12.3	33969	33810	34066
Fairbanks North Star Borough	31717	31283	31454	4273	3967	3931	13.5	12.7	12.5	27444	27316	27523
Southeast Fairbanks	3012	2989	3086	248	238	314	8.2	8.0	10.2	2764	2751	2772
Yukon-Koyukuk	4332	4277	4287	571	534	516	13.2	12.5	12.0	3761	3743	3771
Northern Region	8740	8860	8235	1269	1325	1012	14.5	15.0	12.3	7471	7535	7223
Kobuk	2771	2790	2710	427	426	443	15.4	15.3	16.3	2344	2364	2267
Nome	3593	3710	3419	465	556	396	12.9	15.0	11.6	3128	3154	3023
North Slope Borough	2376	2360	2106	377	343	173	15.9	14.5	8.2	1999	2017	1933
Southeast Region	33909	33702	34426	3036	3143	3775	9.0	9.3	11.0	30873	30559	30651
Haines Borough	1040	1046	1052	68	84	87	6.5	8.0	8.3	972	962	965
Juneau Borough	13115	13065	13105	1165	1235	1240	8.9	9.5	9.5	11950	11830	11865
Ketchikan Gateway Borough	7141	7121	7711	593	640	1210	8.3	9.0	15.7	6548	6481	6501
Prince of Wales-Outer Ketchikan	2543	2447	2528	318	245	319	12.5	10.0	12.6	2225	2202	2209
Sitka Borough	4371	4217	4225	429	315	311	9.8	7.5	7.4	3942	3902	3914
Skagway-Yakutat-Angoon	2039	2062	2036	194	236	205	9.5	11.4	10.1	1845	1826	1831
Wrangell-Petersburg	3660	3744	3769	269	388	403	7.3	10.4	10.7	3391	3356	3366
Southwest Region	12752	11417	12745	828	1017	1000	6.5	8.9	7.8	11924	10400	11745
Aleutian Islands	3070	2700	3087	82	94	144	2.7	3.5	4.7	2988	2606	2943
Bethel	5090	4538	5092	483	520	554	9.5	11.5	10.9	4607	4018	4538
Bristol Bay Borough	488	434	479	19	25	17	3.9	5.8	3.5	469	409	462
Dillingham	2054	1850	2043	77	126	96	3.7	6.8	4.7	1977	1724	1947
Wade Hampton	2050	1895	2044	167	252	189	8.1	13.3	9.2	1883	1643	1855

P/ Preliminary R/ Revised 1984 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Table 1
Urban Alaska Employment
Annual Average Employment
1980-1984

	1980 Annual Average	1981 Annual Average	1982 Annual Average	1983 Annual Average	1984 Annual Average	Percent Change 80-84
Total Urban Nonag. Employment	132850	144659	157829	167848	177389	33.5%
Mining	3468	4385	4660	4172	4414	27.3%
Construction	8784	9773	12657	15465	16209	84.5%
Manufacturing	7468	6983	6800	6730	6722	-10.0%
Trans. Comm. & Utilities	13543	14285	14168	14571	14898	10.0%
Trade	26030	29593	33738	37338	40388	55.2%
Wholesale	5385	6240	6921	7655	8358	55.2%
Retail	20645	23353	26817	29683	32030	55.1%
Finance-Ins. & R.E.	6853	7380	8112	9075	9892	44.4%
Services & Misc.	25540	29646	33068	33907	36836	44.2%
Government	41164	42614	44626	46590	48030	16.7%
Federal	14437	14239	14527	14654	14980	3.8%
State	13613	14791	16028	16788	17153	26.0%
Local	13114	13584	14071	15148	15897	21.2%

Table 2
Rural Alaska Employment
Annual Average Employment
1980-1984

	1980 Annual Average	1981 Annual Average	1982 Annual Average	1983 Annual Average	1984 Annual Average	Percent Change 80-84
Total Rural Nonag. Employment	35783	39935	41625	43220	43568	21.8%
Mining	3194	4483	4177	3782	4046	26.7%
Construction	1812	3100	3809	4922	3764	107.8%
Manufacturing	5788	5930	5240	4742	4315	-25.5%
Trans. Comm. & Utilities	3450	3879	4088	3976	3922	13.7%
Trade	3254	3524	3747	3980	4137	27.1%
Wholesale	123	163	213	287	262	112.6%
Retail	3131	3361	3534	3693	3875	23.8%
Finance-Ins. & R.E.	792	835	924	1071	1170	47.9%
Services & Misc.	4729	4942	5250	5623	5817	23.0%
Government	12764	13242	14390	15124	16397	28.5%
Federal	3279	3202	3112	3074	3154	-3.8%
State	1748	1786	1950	2054	2196	25.7%
Local	7737	8254	9328	9996	11047	42.8%

MatSu's commuter rate, the highest in the state. Many MatSu residents work in Anchorage and when they are laid off from an Anchorage job they are, by definition, counted as unemployed in their place of residence which is MatSu and not Anchorage. This is compounded by the large proportion of construction and related workers residing in the MatSu valley (18.2% of total workers in MatSu compared 12.1% in Anchorage). This also means that the MatSu economy is not doing as poorly as the unemployment rate may indicate. The MatSu Borough, particularly the Wasilla and Palmer areas, has been the fastest growing area in Alaska over the past 5 years.

Growth in nonagricultural wage and salary employment for Anchorage in July hit a new low for 1985, registering a growth rate of less than 2%. Much of the growth in the other industries is being negated by the sagging construction industry. However, for the year through June the growth rate has averaged 4.3%. With expected growth in oil and gas employment the remainder of 1985 looks positive and the overall rate should register well ahead of 3.5%.

Construction had one of the smallest seasonal employment increases in over 7 years, with only the highway construction segment having above normal seasonal increases in the work force; while residential construction employment was 30% below year-ago levels. Other activities included the layoff of school teachers for the summer and large seasonal gains in the seafood processing industry as the salmon season peaked around the state.

1/ Source: Bureau of the Census, 1982 Retail Census for Alaska. Adjusted for inflation and population growth that equates to over $360 million.

Fairbanks/Interior

By Neal Fried

Interior's Income Standings

Interior's income report card for 1983 was recently released by the U.S. Department of Commerce and it reported mixed grades. Per capita income figures are produced for 29 areas in the state, 4 of which cover the Interior or roughly the boundaries of the Doyon Region. The per capita dollar figures vary from a high of $19,198 for Fairbanks to a low of $11,001 for Southeast Fairbanks. Why do these discrepancies exist and how have other parts of the Interior fared?

Before discussing the reasons for the differences, a short explanation of per capita income figures is in order. The concept of per capita income is simple. The total income for an area is divided by the total population. All sources of monetary income are included, i.e., wages, profits, rents, social security, and all transfer payments. The population includes all men, women and children. It is not a perfect indicator of economic well being, but it does give an indication of an area's economic health.

The four different areas which will be referred to in the text of this article may not be familiar to Interior's residents. The Department of Commerce uses the Bureau of Census's 1970 census boundaries when it calculates the figures. The census areas include Fairbanks, Southeast Fairbanks, Yukon-Koyukuk, and Upper Yukon. Fairbanks is synonymous with the Fairbanks North Star Borough. Southeast Fairbanks includes all of the communities along the Alaska Highway from Delta to the Canadian border, the Steese Highway, and the northern portion of the Richardson Highway. The Upper Yukon includes all communities south of the North Slope boundaries and east of the haul road, and north of the Copper Center region. The Yukon-Koyukuk refers to an area west of the haul road and as far down the Yukon River as Kaltag, and north to the North Slope Borough's boundary. It also includes the Parks Highway south of Fairbanks and north of Cantwell.

Fairbanks' high per capita income of $19,198 attests to the area's strong economic growth over the past decade. Its economy has

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 7/85	R/ 6/85	7/84	Changes From: 6/85	7/84
Nonag. Wage & Salary	29900	29400	29500	500	400
Mining	200	200	200	0	0
Construction	3550	3350	3750	200	-200
Manufacturing	650	600	600	50	50
Trans. Comm. & Utilities	2950	2800	3000	150	-50
Trucking & Whseing.	450	500	450	-50	0
Air Transportation	900	800	850	100	50
Other Trans. Comm. & Utilities	1600	1500	1700	100	-100
Trade	6550	6400	6250	150	300
Wholesale	1100	1100	1100	0	0
Retail	5450	5300	5150	150	300
Gen. Mer. & Apparel	650	600	600	50	50
Food Stores	850	800	800	50	50
Other Retail Trade	3950	3900	3750	50	200
Finance-Ins. & R.E.	1000	1000	950	0	50
Services & Misc.	5850	5800	5800	50	50
Government	9150	9250	8950	-100	200
Federal	2900	2900	2900	0	0
State	3800	3800	3650	0	150
Local	2450	2550	2400	-100	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 7/85	R/ 6/85	7/84	Changes From: 6/85	7/84
Nonag. Wage & Salary	34800	33750	34550	1050	250
Mining	350	350	350	0	0
Construction	3700	3450	3850	250	-150
Manufacturing	700	650	600	50	100
Trans. Comm. & Utilities	3700	3550	3750	150	-50
Trade	7050	6900	6800	150	250
Finance-Ins. & R.E.	1100	1050	1050	50	50
Services & Misc.	6350	6200	6300	150	50
Government	11850	11600	11850	250	0

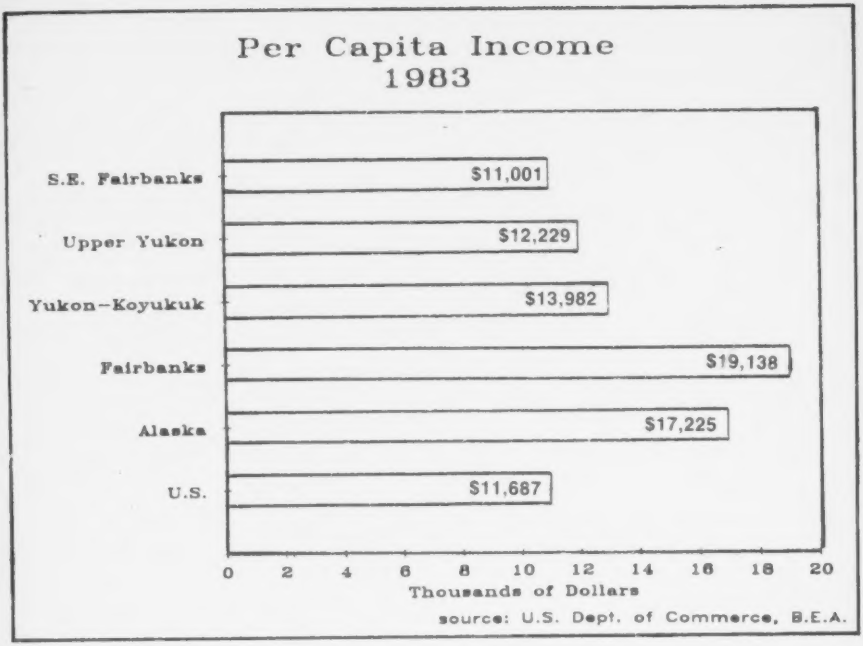
grown more rapidly than elsewhere in the Interior and remains far more diversified. Because of its size and diversification, it is also far less seasonal than the rural areas of the Interior, allowing most of its residents to earn income over a full year's period. Fairbanks enjoys the highest labor force participation rate in the Interior. A full 74% of Fairbanks' working age population (16 years and over) actively participates in the labor force. This means a large share of its population is earning an income, pushing per capita income figures upward. In inflation adjusted dollars (all future references to per capita income will be to 1983 inflation adjusted dollars) Fairbanks' per capita income has grown more than twice as rapidly as any of its counterparts in the Interior over the past decade (47%). Stacked up against the nation's per capita income of $11,001, Fairbanks has performed well. Not only has it grown far more rapidly than the nation's figures over the past decade (47% versus 5%), but it appears to be at a level that more than makes up for its higher cost of living.

Table 1
Per Capita Income
Interior Census Areas, Alaska and U.S.

	1983	1973 (Adjusted)	1973 (Unadjusted)	Percent Change (Adjusted)
Fairbanks	$19,198	$13,076	$5952	+47%
Yukon-Koyukuk	13,982	11,889	5424	+18%
Upper Yukon	12,239	20,363	9280	-40%
S.E. Fairbanks	11,001	11,628	5305	-5%
Alaska	17,225	13,297	6066	+30%
United States	11,687	11,164	4980	+5%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The next runner-up in both actual per capita income and growth is the Yukon-Koyukuk. The Yukon-Koyukuk's per capita income was $13,982 in 1983 and has advanced by 18% over the decade. Yukon-Koyukuk's lower per capita figure results largely from a poorer labor market than its urban counterpart. Employment opportunities are simply scarce and what opportunities do exist are most likely seasonal. In light of the fact that more than 80% of the personal income is derived from wages and salaries, employment opportunities are the most important factor when per capita figures are calculated. Economic growth in the Yukon-Koyukuk, though significant, has come more slowly. One



source of income which is not calculated in per capita figures that may be significant in the Yukon-Koyukuk and the remainder of the Interior is subsistence. Though a dollar value would be difficult to calculate, this source of 'income' must be kept in mind when discussing per capita income.

Southeast Fairbanks and the Upper Yukon have fared far worse. Southeast Fairbanks' per capita income of $11,001 is below the national average of $11,687 and over the decade it has actually lost some ground after being adjusted for inflation. Upper Yukon's experience is not that different at $12,229. It too has lost ground to inflation. Upper Yukon's reported 1973 per capita income figure appears flawed on the high side. The beginning of oil pipeline construction may partially explain why it was so high in 1973. The reasons for these low per capita income figures are the same as listed above, but in a more extreme fashion. Employment opportunities are scarce and seasonal. These areas are made up largely of small far-flung communities with small economies. Alaska's rural areas, with few exceptions, have lower incomes than their urban counterparts, a result of little

economic infrastructure and fewer employment opportunities.

Current Trends

July's wage and salary figures for Fairbanks almost tripped the 30,000 mark. Most of Fairbanks' industries registered gains in July for a total of 500 additional jobs. Government was the only loser, and this occurred because most of the school and university staffs were off for the summer.

Over-the-year wage and salary figures continue to push ahead, but with less vigor than in recent years. Trade and services lead the growth, and construction and transportation continue to act as a drag on growth. This trend is unlikely to change in the near future. Construction has already peaked, and transportation is not expected to grow. Trade, services and the remainder of Fairbanks' secondary sector will inch ahead keeping the total numbers on the plus side.

Gulf Coast

By Neal Fried

Retail Trade on the Kenai Peninsula

In 1984 employment in retail trade surpassed manufacturing to become the largest private industry employer on the Peninsula. A casual drive through the Peninsula attests to major changes taking place in this industry. Expansion in this industry has had a great visual impact because the majority of its activity is located along major thoroughfares. A Peninsula resident probably would not be surprised to hear that over the past 4 years more than 1,000 new jobs have been created in this industry. Though the construction industry grew the most rapidly percentage-wise since 1980, trade was the largest contributor of new jobs in absolute numbers. The growth in this industry is particularly graphic when driving through Soldotna, but Homer, Kenai, Seward, Anchor Point and all other communities in the Borough have also made major gains in this industry.

The definition of retail trade is relatively broad. It includes general merchandise, department, grocery and building material stores, garages and service stations, restaurants and bars. All of these categories have grown. Employment for building material retailers has grown six-fold since 1980, making it the fastest growing retail sector. The construction boom which took place during this period was a major impetus for this growth. Food stores, one of the major categories, grew by 57% and bar and restaurant employment, the largest retail category, racked up 64% growth over the past 4 years. The nature of this retail boom has been somewhat different than in the past. The national chains invaded the Peninsula retail market in a big way. Major grocery, merchandise, clothing and restaurant chains moved in. The average number of employees per retail establishment grew from 5 employees in 1980 to 7 employees in 1984. Some firsts included major national department and grocery stores. Though there were national fast food eateries prior to 1980, a mass invasion occurred, from which not even Homer came through unscathed.

Table 1
Kenai Peninsula Borough
Retail Trade Employment by Sector
1984

	Employment	Percent Distribution
Total Retail Employment	1776	100%
Building Materials & Garden Supplies	129	7%
General Merchandise Stores	91	5%
Food Stores	325	18%
Auto Dealers & Service Stations	172	10%
Apparel & Accessory Stores	54	3%
Furniture & Home Furnishings	77	4%
Eating and Drinking Places	607	34%
Miscellaneous Retail	321	18%

Source: Alaska Department of Labor, Research and Analysis Section

What caused this growth to occur? The state's economy has grown rapidly because of the expenditure of oil revenues and the Peninsula was part of the expansion. This increased activity caused the population to grow and has pushed disposable income upward. These two factors have provided the major stimulus to retail trade's growth. Tourism, another industry which has made considerable gains, has also stimulated retail trade advances. Retail trade is one of the industries which benefits most from tourism. A third possible factor, though somewhat nebulous, is that the Peninsula may have historically been underretailed, and is now playing a catch up game. Presently retail trade's employment share of total wage and salary employment is 16%, which is identical with the statewide picture. Trade in 1985 has continued to move ahead as some of the Peninsula's other industries have begun to stall, particularly construction. This may mean that in the near future retail trade's share of employment in the Borough may exceed the statewide proportions.

Not all of the statistics for this industry are rosy. For example, retail trade's average monthly wage ($1,192) is the lowest of all industries and it is half the average monthly wage for all industries on the Peninsula ($2,344). This is because of the preponderance of part-time work, and also because of the entry level nature of many of the jobs found in this industry. Though it is the largest private employer in the Borough, its total payroll of $25 million in 1984 represented only 8% of the area's total payroll. Industries considerably smaller than retail trade such as

construction and mining (largely oil) contributed larger payrolls to the area.

Current Trends

The region's employment figures continued to climb in July. All industries with the exception of government (because most of the local teaching staffs are off for the summer) registered gains this month. The industry which made the greatest strides was fish processing (food and kindred), adding 3,550 new jobs to its ranks. Not only has fish processing employment grown over the month but its July levels exceeded 1984's by 350. This is a result of a much better than average salmon season in the Cook Inlet region.

Of all the areas in the region, Kodiak came in with the lowest unemployment rate, 5.2% in July. Kodiak's unemployment rate compares very favorably with the State's average of 9.2%. This low unemployment rate for Kodiak is purely a summer phenomenon. The short salmon season pulls the rate down dramatically. The rate will climb again in the fall, reach the double digit level by October and remain there for six months. Kodiak is a typical example of Alaska's many seasonal economies.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

				Changes From:	
	P/ 7/85	R/ 6/85	7/84	6/85	7/84
Nonag. Wage & Salary	26250	22400	25050	3850	1200
Mining	900	850	850	50	50
Construction	2550	2150	2450	400	100
Manufacturing	7550	4000	7200	3550	350
Food & Kindred Prod.	6850	3300	6500	3550	350
All Other Mfg.	700	700	700	0	0
Trans. Comm. & Utilities	2150	2150	2100	0	50
Trade	4000	3900	3750	100	250
Wholesale	600	600	600	0	0
Retail	3400	3300	3150	100	250
Finance-Ins. & R.E.	700	700	650	0	50
Services & Misc.	3550	3400	3300	150	250
Government	4850	5250	4750	-400	100
Federal	550	550	550	0	0
State	1550	1550	1550	0	0
Local	2750	3150	2650	-400	100

Southeast Alaska

By John Boucher

Hoonah-Yakutat Employment Trends 1980-1984

This month's Southeast Alaska article will focus on an area in the northern part of Southeast Alaska, the Hoonah-Yakutat census subarea. This census subarea is part of the Skagway-Yakutat-Angoon census area, and it spans most of the northern portion of the panhandle. The Hoonah-Yakutat census subarea includes some of Southeast Alaska's most scenic terrain along with a rich supply of the natural resources of fish and timber. The boundaries of the census subarea run from the northern end of Chichagof Island including the communities of Hoonah and Pelican, across Icy Strait to Gustavus and Glacier Bay National Park, and on north to include Yakutat.

Although some of the areas are fairly isolated from each other because of rugged terrain, the dependance of the local economies on natural resources is the common thread between them. The Yakutat and Hoonah areas are both renowned for their rich fishing grounds, while Gustavus is the city closest to the Glacier Bay National Monument and as such serves as the center for tourist activity in the area. As would be expected in areas rich in natural resources, manufacturing is the largest wage and salary employer, supplying about 40% of the total wage and salary employment when figured on an annual average basis.

The dependance of this area upon the manufacturing industry for employment would normally spell bad news for the area's economy, especially during the period from 1980 to 1984. In just about every other area of Southeast Alaska which is dependant upon manufacturing employment, the difficulties in the manufacturing sector inhibited employment growth and in some cases was the primary reason for employment drops. The Hoonah-Yakutat census subarea was an exception to that trend as both the logging and seafood processing industry contributed to the growth in employment from 1980 to 1984. Why was this area an exception to the overall trend? It was largely the processing end of the wood products industry that took a beating during this four year period. The Hoonah-Yakutat census subarea has no major lumber processor in it (i.e. a pulp mill or sawmill). This

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 7/85	R/ 6/85	7/84	Changes From: 6/85	7/84
Nonag. Wage & Salary	31950	30950	31150	1000	800
Construction	1850	1700	2200	150	-350
Manufacturing	4600	3750	3950	850	650
Food & Kindred Prod.	2100	1150	1850	950	250
Lumber & Paper Prod.	2250	2350	1850	-100	400
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2300	2250	2100	50	200
Trade	5150	5100	5150	50	0
Wholesale	450	400	400	50	50
Retail	4700	4700	4750	0	-50
Finance-Ins. & R.E.	1200	1150	1150	50	50
Mining, Services & Misc.	4950	5000	4950	-50	0
Government	11900	12000	11650	-100	250
Federal	2250	2200	2200	50	50
State	5550	5550	5450	0	100
Local	4100	4250	4000	-150	100

area was unaffected because most of the wage and salary employment in the wood products industry was derived from harvesting not the processing of trees.

As is the case with many rural regions in Alaska, government plays a large role in the wage and salary economy. Local government is the area's second largest employer with the majority of the jobs with local school districts. The rest of the local government jobs are in activities that provide services to the various communities. The federal government has a large presence in the area and as might be expected a large portion of this employment is with the U.S. Forest Service. State government accounts for a very small percentage of wage and salary directly; however, a large portion of local school employment is funded by the state.

Next to the manufacturing sector, the services industry is the largest source of private employment in the area. In terms of absolute numbers, this sector was the third fastest growing sector in the Hoonah-Yakutat economy. This is attributable to the growth of the tourism industry in the past several years. Almost all of the growth in services was in hotels catering to tourists in the Glacier Bay National Monument area. It is interesting to note that the growth in services does not represent year-round

jobs to residents in the Hoonah-Yakutat census subarea. This employment tends to follow the same pattern as the seafood processing industry, with a few months of high activity and the rest of the year offering very few employment opportunities.

The retail trade industry was the only industry in the Hoonah-Yakutat census subarea to decline from 1980 to 1984. This is somewhat surprising given the growth in the other secondary industries and growth in overall employment. Perhaps the growth in the transportation industry can account for this somewhat as well as the strong growth in the retail sector in Juneau during this period. Two of the three areas, Hoonah and Gustavus, have inexpensive transportation links to the capital city available on a regular basis. Lower prices in Juneau combined with relatively easy accessibility may be the cause for the failure of the retail sector to experience employment growth in these areas.

Southeast Alaska Current Trends

Southeast Alaska wage and salary employment increased by 1,000 jobs in the month of July largely on the strength of the seafood processing industry. The exceptionally strong salmon runs in Southeast this summer have helped to raise the manufacturing industry to a level of employment that is 16% higher than 1984. The overall employment gains in Southeast were fairly slow in the other industries besides manufacturing. Construction was the largest employment gainer over the month outside of manufacturing but the construction industry is down nearly 16% from 1984's employment levels.

Unemployment in the Southeast region dropped three-tenths of one percentage point in July to 9.0 percent. Five of the seven census divisions experienced a drop in the unemployment rate, the exceptions being the Prince of Wales-Outer Ketchikan census area and the Sitka Borough.

Table 1
Hoonah-Yakutat Census Subarea Employment
1980-1984

	1980 Ann. Avg	1982 Ann. Avg	1984 Ann. Avg
Nonag. Wage and Salary	581	777	858
Construction	*	*	*
Manufacturing	221	331	367
Trans. Comm. & Utils.	24	25	44
Trade	*	*	*
Wholesale	*	*	*
Retail	58	51	49
Finance-Ins. & R.E.	9	30	38
Mining, Services & Misc.	78	97	112
Government	185	217	222
Federal	52	78	71
State	1	1	0
Local	133	138	151

* Indicates nondisclosable item.

Hours and Earnings

By Kathleen Thomas

Revised Versus Preliminary Hours and Earnings Estimates

Prior to January 1985, hours and earnings lagged one month behind employment estimates. The main reason for the lag was the small sample size for hours and earnings which made more current estimates unreliable. To remedy this inaccuracy, an intense effort to solicit new firms into the survey was initiated in 1984. As a result of this solicitation, the sample size increased by almost 25%. The logical point to institute the upgrading of hours and earnings to run concurrently with employment was with the benchmarking process and the change of the calendar year. Therefore, beginning with January 1985 published data, hours and earnings were updated to run on the same time frame as employment.

In an effort to evaluate any difference the updating made in the data, a comparison was made between preliminary and revised data. The percentage change between 1984 preliminary and revised hours and earnings data is compared to the percentage change between 1985 preliminary and revised hours and earnings data. The ultimate test is whether 1985 preliminary data are as reliable now as they were when they lagged a month.

By looking at Table 1, it can be seen that the changes between preliminary and revised 1984 data are generally less than one percent. The category displaying the most volatility was manufacturing which is to be expected. Manufacturing is comprised of seafood processing, logging, pulp mills, and sawmills. Seafood processing is constantly subject to change due to factors such as; the timing of the fish runs, the quantity of the runs, and the ever changing seafood resource. The wood products industry has been hard hit by a variety of factors that have jarred the industry subjecting it to changes.

The changes between 1985 preliminary and revised data have consistently been a few percentage points higher than the changes between the 1984 preliminary and revised data. Though the sample size has increased the data are subject to higher percentage error by virtue of its accelerated time schedule. This is not to say that the difference is for the worse since

more timely data are now available. Also, Alaska has not been compared with other states to determine if the percentage changes are out of line from those other states.

It is up to the user of the data to determine which to use, preliminary or revised. Preliminary data are more prompt and available at the same time as preliminary employment figures. Revised data are more reliable because of the inclusion of additional sample from late reporters and corrections for erroneous data. If further accuracy beyond the revised hours and earnings is desired, the user should consider benchmarked hours and earnings which includes an annual average. The benchmarked hours and earnings series is available annually after the benchmarking process has been completed.

Current Trends

Average hourly earnings in mining increased 4% from June to July. The increase is mostly caused by a rise in oil and gas employment, generally a higher paid sector than other sectors of mining. Average weekly hours remained unchanged.

Food and kindred products exhibited an increase in average weekly hours of 12%, though still below year ago levels. For July salmon returns have been lower than anticipated and some major canneries in Kodiak never opened. It is difficult to say if this situation will continue for the rest of the season. The southern district of Southeast is booming with pink salmon but Cook Inlet is faring poorly.

Table 1
Differences Between Preliminary and Revised Estimates
Expressed as a Percentage
1984 (Old Method) & 1985 (Current Method)

	(Old) Average Hourly Earnings 1/84	(Current) Average Hourly Earnings 1/85	(Old) Average Weekly Hours 1/84	(Current) Average Weekly Hours 1/85
Mining	2.6	2.2	2.4	1.1
Contract Construction	0.6	0.0	0.2	0.0
Manufacturing	4.3	3.7	0.9	28.8
Food & Kindred Prod.	0.8	2.9	1.4	102.9
Lumber & Paper Prod.	7.4	2.9	0.5	1.9
Trans. Comm. & Utilities	0.1	3.2	0.0	3.5
Trade	0.4	0.0	0.0	3.6
Wholesale	0.2	3.9	0.3	3.6
Retail	0.4	2.6	0.0	3.4
Finance, Ins. & R.E.	—	—	3.5	3.1

	Average Hourly Earnings 2/84	Average Hourly Earnings 2/85	Average Weekly Hours 2/84	Average Weekly Hours 2/85
Mining	1.0	5.0	1.7	0.0
Contract Construction	0.0	0.0	0.0	5.6
Manufacturing	0.3	4.6	1.2	4.9
Food & Kindred Prod.	0.1	12.6	3.5	12.4
Lumber & Paper Prod.	0.0	0.0	0.2	1.4
Trans. Comm. & Utilities	3.9	4.1	5.4	2.3
Trade	0.0	3.1	0.9	1.4
Wholesale	0.6	2.7	2.2	2.5
Retail	0.3	3.5	0.3	0.9
Finance, Ins. & R.E.	—	—	0.3	0.0

	Average Hourly Earnings 3/84	Average Hourly Earnings 3/85	Average Weekly Hours 3/84	Average Weekly Hours 3/85
Mining	0.0	2.4	0.0	1.8
Contract Construction	0.6	4.7	0.0	3.9
Manufacturing	0.0	1.8	0.0	0.8
Food & Kindred Prod.	0.0	2.5	0.0	2.2
Lumber & Paper Prod.	0.5	1.3	0.0	0.8
Trans. Comm. & Utilities	0.5	4.3	0.5	7.9
Trade	0.3	1.0	0.0	1.2
Wholesale	0.2	2.2	0.0	0.0
Retail	0.2	0.0	0.0	1.5
Finance, Ins. & R.E.	—	—	0.0	2.6

	Average Hourly Earnings 4/84	Average Hourly Earnings 4/85	Average Weekly Hours 4/84	Average Weekly Hours 4/85
Mining	0.0	0.5	0.0	0.4
Contract Construction	0.0	0.5	0.2	2.2
Manufacturing	0.0	2.4	0.0	2.2
Food & Kindred Prod.	0.0	0.2	0.0	4.3
Lumber & Paper Prod.	0.0	4.2	0.0	3.3
Trans. Comm. & Utilities	0.0	0.8	1.9	1.6
Trade	0.5	0.3	1.1	0.9
Wholesale	0.4	1.0	0.5	0.8
Retail	0.3	1.1	2.1	1.3
Finance, Ins. & R.E.	—	—	1.2	0.2

	Average Hourly Earnings 5/84	Average Hourly Earnings 5/85	Average Weekly Hours 5/84	Average Weekly Hours 5/85
Mining	0.1	1.8	1.0	0.4
Contract Construction	0.4	0.9	0.2	0.2
Manufacturing	1.9	3.8	0.6	4.6
Food & Kindred Prod.	1.4	15.7	8.5	7.5
Lumber & Paper Prod.	0.4	1.1	2.9	2.5
Trans. Comm. & Utilities	0.3	0.6	0.8	0.5
Trade	0.7	0.0	0.0	0.0
Wholesale	1.2	0.2	0.5	0.3
Retail	0.4	0.4	0.3	0.3
Finance, Ins. & R.E.	—	—	0.0	0.2

	Average Hourly Earnings 6/84	Average Hourly Earnings 6/85	Average Weekly Hours 6/84	Average Weekly Hours 6/85
Mining	0.8	0.2	0.2	0.6
Contract Construction	0.4	0.5	0.2	6.5
Manufacturing	0.8	0.0	1.6	1.3
Food & Kindred Prod.	1.3	0.7	3.0	2.1
Lumber & Paper Prod.	0.0	1.6	0.0	0.4
Trans. Comm. & Utilities	1.0	1.7	1.3	3.0
Trade	0.2	1.2	0.8	0.3
Wholesale	1.5	0.6	1.1	0.5
Retail	1.2	1.3	0.9	0.3
Finance, Ins. & R.E.	—	—	0.7	3.0